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Enabling poor rural people to overcome poverty
Œuvrer pour que les populations rurales pauvres se libèrent de la pauvreté
Dar a la población rural pobre la oportunidad de salir de la pobreza
تمكين السكان الريفيين الفقراء من التغلب على الفقر

28 September 2011

Dear Mr. Avani Vaish,

Sub: Joint Review Mission for Tejaswini Rural Women's Empowerment Programme, Madhya Pradesh, IFAD Loan 682-IN

1. I have the pleasure to refer to the Joint Review of the above mentioned programme's implementation progress during 5th to 14th September 2011. I am pleased to inform you that the management of IFAD has concurred with the Joint Review Mission's findings and recommendations, discussed at the wrap up meeting chaired by the Principal Secretary of the Department of Women and Child Development on 14th September 2011, which are contained in the Mission's Aide Memoire.

2. As you are aware, Tejaswini is classified as a problem project by IFAD due to low disbursement of the IFAD loan, and also due to serious project management issues. With respect to disbursement, at the half way point, the programme has utilized only USD 4.71 million as against USD 13.00 million approved by IFAD; 36% of the total allocation including initial deposit of USD 1.00 million to the Special Account. With respect to human resource and management issues, the Programme remains without a Programme Director. The recruitment process to provide full complement of staff for both state and district level offices will have to be completed with minimum staff changes at the district level with a view to minimise disruption to field level activities. I understand that the mission was informed of the decision of GoMP to post a Central/State Services officer as Programme Director and to proceed with issuance of appointment letters for positions that do not fall within the purview of the reservation policy. I am hopeful that this decision is implemented speedily. Without a major improvement in programme management and financial performance, it is considered unlikely that the project will meet its development objectives in the time remaining.

3. It has been jointly agreed during the review to establish two goal posts for achievement in order to consider review of project rating from the current "problem project" status. This review can take place either after 31.12.2011 or 31.3.2012 subject to achievement of the goal posts set out below. They are:

(a) Staff Recruitment: (i) appointment of a Programme Director from Central/State Services; (ii) issuance of appointment orders in respect of State Programme Management Unit professional staff positions by December 2011; (ii) recruitment for vacant district professional staff and support staff positions by January 2012; and (iii) continuation of existing district professional staff and support staff and to comply with reservation policy with vacant and additional posts.

(b) Utilisation of financial resources: GoMP has approved a budget of INR 140 million for 2011-12. It is necessary that the programme at least spend 90 million against this budget by 31.12.2011 or INR 120 million by 31.3.2012.

4. I also wish to draw your attention to the impending roll out of first phase of NRLM in Madhya Pradesh wherein it is planned to include three southern districts being covered under Tejaswini. However, Tejaswini programme management is not yet an active stakeholder in the process of NRLM design and implementation. It is essential to work out modalities of convergence between Tejaswini and NRLM to ensure building of synergy between previous investments made by GoMP with support from IFAD and other donors and NRLM with regard to SHG mobilization and grassroots institution building.

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5. With regard to field level activities, MVVN will have to: (i) further strengthen SHGs by reducing support from CMs; introducing local book writers with costs paid by the SHGs, auditing of SHGs, computerising SHGs and by enhancing SHG-bank linkage; (ii) strengthen VLCs to participate in the social development trajectory of SHGs and peer monitoring of performance; (iii) seed the concept of federations and examine the interest level and readiness to form federation; and (iv) support FNGOs with experience in implementing livelihood promotion activities to prepare proposals for funding under the programme. On the financial management front, the capacity of the accounting staff will have to be upgraded and the system of provision of advance need to streamlined along with improving the consultative process for AWPB preparation.

6. I am confident that the recommendations of the mission which are further elaborated in the Aide-Memoire will be addressed in a timely manner. As per our operational modality, the Programme Management Unit is expected to prepare and send an Action Taken Report to our Delhi Office after three months from this letter.

7. Assuring you of our constant support towards the endeavour of GoMP in implementing Tejaswini successfully,

Yours sincerely,

Thomas Elhaut
Director
Asia and the Pacific Division

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INDIA

Tejaswini Madhya Pradesh Rural Women Empowerment Programme - Loan No. 682 IN

Joint Review Mission: 5 -14 September 2011

Conformed Copy of Aide-mémoire[1]

Introduction

2. IFAD fielded a Joint Review Mission (JRM) during 5-14 September 2011 to review the implementation progress of Tejaswini in Madhya Pradesh (MP). The main objectives of the mission are to review the progress, analyse the constraints and make recommendation to enhance efficiency of programme implementation. The mission was in the field for 10 days. The mission upon arrival in Khajuraho held discussions with the officials of Mahila Vitta evam Vikas Nigam (MVVN) on implementation progress. The mission undertook field visits during 5-9 September.

3. A consultation with the line departments, bankers, FNGOs, RNGOs and District Programme Management Unit (DPMU) and State Programme Management Unit (SPMU) staff was held on 11th September to discuss the programme implementation issues and way forward. The mission met with Ms. Sudha Jain, Chairperson, MVVN and Mr. L.M. Belwal, Project Coordinator, Madhya Pradesh Rural Livelihoods Project (MPRLP). A pre-wrap up meeting with the DPMU and SPMU staff of Tejaswini was held on 13th September to agree on a set of recommendations for implementation. This Aide Mémoire was presented at a wrap-up meeting held on 14th September chaired by Mr. B.R. Naidu, Principal Secretary, Department of Women and Child Development (DWCD). During the wrap up meeting the mission was informed of the decision of Government of Madhya Pradesh (GoMP) to appoint Mr. A. Awasthi, an officer from the Indian Administrative Services as the Programme Director (PD). In addition, it was also reported that GoMP has approved issuing appointment orders for the candidates selected by MVVN for all SPMU positions that do not attract reservation policy. This marks resolution of one of the major issues impacting programme implementation performance. On 23rd September 2011, the mission briefed the DEA team led by Ms. Kavita Prasad, Director (MI) on the findings of the mission. This Aide Memoire has been revised to reflect the discussions of this briefing meeting. The recommendations made by the mission are subject to the approval of IFAD and GoMP.

4. The overall goal of the programme is to enable poor women to make use of choices, spaces and opportunities in economic, social and political spheres for their improved wellbeing. The programme area includes six rural districts of Madhya Pradesh (MP). IFAD loan was declared effective on 23 July 2007 and completion date is July 2015. Mid Term Review (MTR) was undertaken in July 2010. The total cost of the programme is estimated at INR 1616.0 million (USD 37.2 million) for Madhya Pradesh with IFAD's loan assistance of INR 56.7 million (USD 13.00 million) and the remaining to be funded by GoMP, NABARD, SHGs, Banks, MFIs and communities. The mission would like to express its sincere appreciation and thanks to the staff of MVVN at Bhopal and the districts, district administration officials, RNGOs, FNGOs and SHG members for the co-operation and support provided during field visits as well as during the meetings in the field and in Bhopal.

Overall Assessment of Project Implementation Progress

5. The implementation performance of this component is rated as Moderately Satisfactory (Score=4). Implementation performance has improved in respect of grassroots institution building and livelihood whereas the performance related to programme management declined due to human resource related issues at the SPMU level. There has been a marginal improvement in utilization of financial resources during 2010-2011. Though overall performance has improved, it does not justify upward revision of rating. The SHG mobilisation, empowerment and social capital formation activities have achieved considerable progress. The programme has mobilised 12,290 SHGs as against the target of 12,000 of which about 80% were graded as Category A and B. The SHGs have made considerable progress in their social development growth trajectory in terms of seeking their entitlements, participation in Gram Sabha and resolving problems encountered by the members. The SHGs have formed secondary institutional structures in the form of Village Level Committees (VLCs). The programme has established 2,147 VLCs as against the target of 2,749 VLCs and these are being groomed to take up community related issues with the Panchayat Raj Institutions (PRIs). VLCs are also emerging as important link between the community and the government line departments for convergence. The tertiary level institutional structures are yet to emerge except in the case of

[1]/ Meera Mishra, Country Coordinator, IFAD India Country Office; D.D. Agrawal, Managing Director, MVVN; Arvind Bhal, Acting Project Director, MVVN; Saleela Patkar, Grassroots Institution Development Specialist; Pratul Dube, Financial Management Specialist; and Shreekantha Shetty, Mission Leader.

locations allocated to PRADAN. This concept needs to be seeded and further capacity building will have to be undertaken.

6. The progress in respect of bank linkage remains below expectations. The programme has been able to open bank account in respect of 9,513 SHGs out of 12,290 (77%) and only 1,831 (15%) have accessed credit. This needs to be considered within the overall context of low branch network, inadequate branch level staff, poor recovery performance of loans granted under government programmes and negative attitude of bank staff towards small savers and small borrowers due to heavy work load these small accounts entail. Resolution of this systemic issue requires considerable policy dialogue and also field level persuasion and negotiation. RNGOs and some of the FNGOs have started implementing livelihood activities targeting Tejaswini SHGs by sourcing funds from other donors. The programme has started the process of expanding "System of Rice Intensification" (SRI), a successful intervention promoted by PRADAN. The Programme has been quite successful in facilitating the SHGs to access funds through convergence for income generating activities. There is considerable scope for expanding livelihood activities and efforts related to this will have to be scaled up.

7. Tejaswini has been classified as a problem project on the basis of low disbursement of IFAD loan due to low financial resource utilisation by the programme. Department of Economic Affairs (DEA) on 26.7.2011 had undertaken a review of all problem projects funded by IFAD. Issues related to bank linkage and filling up vacant programme positions were discussed. DEA advised the representatives of Tejaswini to organise an exposure visit to Bihar to study the system of Bank Mitra introduced for enhancing bank linkage and to fill up all vacant positions in the programme by 31.8.2011 and report to DEA on compliance. MVVN is yet to comply with the recommendations made by DEA and has yet not submitted a compliance report.

8. The Programme faces two major issues. The first relates to human resources. The recruitment process initiated post MTR for filling up posts in SPMU and vacant district positions has not been finalised. Amidst this, the issue of recruitment not complying with reservation policy has been identified. This issue needs to be handled carefully and sensitively without causing disruption to programme activities as extreme steps may result in wholesale staff changes which will reverse the momentum in implementation. Second issue relates to utilisation of financial resources. This needs substantial improvement. Specific programmatic recommendations as well as financial management recommendations have been made for this purpose. Two goal posts have to be achieved in order to consider review of project rating from the current "problem project" status. They are:

(a) Staff Recruitment: (i) appointment of a PD from Central/State Services; (ii) issuance of appointment orders in respect of SPMU professional staff positions by December 2011; (ii) recruitment for vacant district professional staff and support staff positions by January 2012; and (iii) continuation of existing district professional staff and support staff and to comply with reservation policy with vacant and additional posts.

(b) Utilisation of financial resources: GoMP has approved a budget of INR 140 million for 2011-12. It is necessary that the programme at least spend 90 million against this budget by 31.12.2011 or INR 120 million by 31.3.2012.

9. MVVN has implemented most of the recommendations made by MTR. Out of the 17 strategic recommendations, 8 have been implemented, 8 are under implementation and the remaining one recommendation has not been implemented. This relates to engagement of a management consultant for review of terms of reference of staff and NGOs. An operational recommendation related to engaging Livelihood Coordinators with RNGOs has not been implemented as the Empowered Committee did not agree to implement the same. The outcome survey conducted by MVVN in 2011 covering a sample size of 200 households indicates that about 76% of the participating households are reported to be very satisfied and 24% of the households moderately satisfied with the programme activities. None of the households have expressed their dissatisfaction with the programme activities.

10. GoI intends to roll out activities related to NRLM in MP. In the first phase it is proposed to cover 10 districts in MP which includes Balaghat, Mandla and Dindori that are Tejaswini districts. At the state level, the Project Coordinator of MPRLP is the focal point for planning roll out of NRLM. MVVN which implements Tejaswini supporting SHGs and its superstructures with close design similarities with that of NRLM has not been an active stakeholder in the process. It is understood that the state has already prepared a draft State Programme Implementation Plan (SPIP). Due to the fact that three of the six Tejaswini districts are included in the first phase of NRLM, it is essential to work out modalities of convergence between Tejaswini and NRLM and also the strategies to mainstream SHG, VLCs and Federations built under Tejaswini into NRLM. This apart, modalities to dovetail IFAD and NRLM resources for the benefit of SHGs, VLCs and Federations built under programme will have to be worked out.

Agreed action	Responsibility	Agreed date
Write to IFAD to review the rating of the programme after achieving the goal posts indicated above either on 1.1.2012 or 1.4.2012	MD/PD	31 Jan 2012 or 30 Apr 2012
Conduct a workshop to discuss strategies for convergence between NRLM and Tejaswini and mainstreaming community institutions (SHGs and their superstructure) built under various programmes including Tejaswini into NRLM - IFAD to provide implementation support for moderating the workshop discussions.	MD/CC-IFAD	30 Nov 2011

Outputs and Outcomes, by Component

Grassroots Institution Building Component

11. The implementation performance in respect of this component is rated as Moderately Satisfactory (Score=4). The programme has formed 12,290 SHGs with an average SHG size of about 13. Efforts are on to form additional SHGs and voluntary inclusion of new members into existing groups. The structure of VLCs and their General Body is now uniform across the programme. VLCs are formed in 78% of programme villages and these VLCs are functioning with facilitation by Community Mobilisers (CMs). PRADAN has initiated three federations of SHGs and SRIJAN has begun working with federations of SHGs at the cluster level. The mission observations indicate that SHGs value the VLCs as a forum to discuss and take action on issues relating to the village and have experienced some success in bringing about improvements to village level services and infrastructure. However, the VLCs have not been used to strengthen the SHGs themselves.

Table 1: Outreach

Component	AR Target	Achievement Mar 2011	%	Comment
SHGs formed	12,000	12,290	102%	
Women covered	180,000	165,456	92%	Average membership is low
Village Level	One per village = 2,749	2,147	78%	Implementation on-going
Federations formed	NA	3		Implemented in PRADAN locations

12. The SHGs and VLCs met by the mission were articulate and had internalised core processes of SHGs such as savings, internal lending and book keeping. In some cases individual and group-based livelihoods activities have begun. The savings rates as well as linkages with banks have gradually increased. However, a recent "10% random survey" of SHGs across the programme has thrown up issues such as dysfunctional SHGs, poor record maintenance, dependence on CMs for conducting group meetings and bookkeeping. This also indicates that current monitoring systems are not adequate to bring these issues to the notice of the management on time. It is reported that in some clusters about 50% of SHGs were dysfunctional. This amply demonstrates the need for further strengthening of SHG mobilisation systems in Tejaswini. Complete reliance on CMs for monitoring SHG functioning poses difficulty. This can only be handled by computerising SHG accounts at the location level and linking MIS of the programme with MIS generated by the SHG accounting software.

13. There is inadequate conceptual clarity amongst the stakeholders on federation formation, objectives of federation, legal framework under which these federations will have to be established and also on resource mobilisation and cost coverage for sustainability of federations. It is necessary that a manual is prepared by PRADAN detailing various options available on the legal framework, institutional structure, governance structures, functions and resources with pros and cons for each of the options. This manual should also provide implementation modality including pre-conditions for federation formation, seeding of federation concept, representation of SHGs at each level, role of the particular federation level (what mix of social action, SHG quality maintenance, financial, service provision) and a training plan for organising and strengthening the federations, role of CM/LC/LO, FNGO, RNGO, SPMU and other resource persons in this process. This process needs to take into account impending NRLM roll out and the need to build capacities to eventually mainstream with NRLM. Preparation of a manual should be followed by workshops in each region separately to deliberate on the options that suit the requirement of the area.

14. Several exposure visits organised by Tejaswini in the past has enabled staff and NGOs to understand some of the options available for federation formation. SHG leaders will gain immensely from exposure to federations operating in a sustainable manner in Maharashtra, Tamil Nadu, Karnataka and Andhra Pradesh. VLCs have been established in 78% of the villages and VLC formation will have to be completed in all villages by the end of this financial year.

15. In order to expedite the move towards federating, which will require a role shift and greater facilitation by the Location Staff, all book-keeping and routine meeting management of SHGs should

be managed and paid by SHGs themselves by end March 2012 for which recommendations are made under Microfinance component. The VLCs should also include as part of their agenda a monthly monitoring of member SHGs using simple MIS (elaborated in the working paper).

16. The Programme has revised the ToRs of both the RNGOs and FNGOs. These new ToRs are expected to be used at the time of signing the new contracts. Revised TOR will be provided in the main report which can be used for renewing the contracts of RNGOs and FNGOs. The programme is in the process of reviewing the performance of FNGOs. It is necessary that the review take into account the findings of 10% sample survey conducted by MVVN and also the audit observations with regard to various FNGOs.

Agreed action	Responsibility	Agreed date
Extend the contracts of RNGOs/FNGOs valid until the 31 May 2011 using the revised ToRs - Performance Review of FNGOs to take into account finding of 10% sample survey and also audit observations made by the Auditor of MVVN on each of the FNGO	PD	31 Oct 2011
Engage PRADAN to prepare a manual providing details of concepts related to SHG federation and its formation process - refer para 12	PD	31 Dec 2011
Conduct regional level workshop to discuss the manual with FNGOs and DPMU staff to workout implementation modalities	PD	31 Mar 2012
Provide budgetary allocation for implementing training plan and for supporting federations finalised in the workshop	PD	Ongoing from FY 2012-13
Conduct exposure visits for SHG leaders to federations in Tamil Nadu/Karnataka/Andhra Pradesh/Maharashtra	PD	29 Feb 2012
Provide funding to the Location Office for replacement of equipments as assessed by DPM with a condition that these equipments will be handed over to the federations	PD	AWPB of 2012-13
Location Coordinator to review SHG formation in each programme village and report on the number of poorest households not included under Tejaswini, and number of dysfunctional SHGs based on focus group discussion with SHG members and Gram Sabha leaders - SPMU and DPMU to review this report and workout implementation modalities for : (i) including left out poor households by increasing the membership size of SHG and by increasing the number of SHGs in a cost effective manner; and (ii) reactivating and strengthening dysfunctional SHGs.	PD, DPM, FNGO	31 Jan 2012

Microfinance Services Component

17. The implementation performance in respect of this component is rated as Moderately Unsatisfactory (Score=3). The major activities of the programme under this component during FY 2010-11 include: (i) building capacity of the SHGs in terms of book keeping and interloaning; (ii) opening of bank accounts for depositing excess liquidity with the SHGs and to develop banking relationship; and (iii) rating of SHGs and establishing credit linkages with banks and MFIs. The SHGs mobilised by the programme have been meeting on a regular basis either weekly or fortnightly basis. It is reported that about 76% of the SHGs meet regularly and the average attendance is reported at 79%. The SHGs contribute INR 2-10 per meeting towards SHG savings. The total savings mobilised by SHGs increased from INR 51.7 million as on 31.3.2010 to INR 93.4 million as at 31.3.2011; an increase of about 80% over the previous year indicating a sharp improvement. The average savings per SHG also increased to INR 7,599 as at 31.3.2011. The savings at SHG level varies from INR 5,000-25,000 depending upon the age of the SHG.

18. The savings of SHGs is used for interloaning and excess liquidity is deposited into a bank account. The loan portfolio of Balaghat district is larger than other districts as one of the FNGO operating in the district also operates a MFI making it easier for the SHGs to access loans. The performance of SHGs in Panna and Chhatrapur districts is lower than other districts both in terms of savings mobilisation and interloaning. The loans provided by the SHGs are mostly used for productive purposes (70%) and the balance (30%) is used for consumption. The on-time recovery rate continues to be about 73% and the field visits indicate that there have been no instances of wilful default.

19. The programme has conducted several training programmes on SHG formation, book keeping, wealth ranking, SHG Audit and microfinance. A few of the FNGOs have started the concept of "Lekha Pal" (Book Writers) to reduce the dependence on CMs. PRADAN has introduced a concept of SHG Audit and SHG account computerisation. In addition, dividend distribution at the end of each year has been introduced which enables the members to receive a part of the profit earned by the SHG. These best practices need to be built into SHGs mobilised by all FNGOs. Munshi software is ideal for computerization of SHGs supported under Tejaswini and Munshi software is developed based on the current SHG book keeping system of the programme. Therefore, it is necessary to use single source procurement for this purpose.

20. Formal bank linkage is required for opening a bank account to deposit excess liquidity and also to obtain loans for meeting the additional funding requirements of the SHG members. Progress of this activity needs to be ramped up. Of the 11,526 SHGs that are more than one year old, 9,513 SHGs have been able to open bank accounts. The programme has been able to link 343 SHGs under SGSY scheme and 1047 SHGs under the Cash Credit Limit scheme. Factors that impede faster bank linkage include: (i) the subsistence nature of the economy in the programme area that results in risk aversion; (ii) high transaction costs to the members to access small loan including long distances to reach branch, frequent visits and stamp duty; (iii) general reluctance of the bankers to entertain SHG proposals due to their bad experience related to recovery loans granted under earlier government programmes; and (iv) increasing tendency of bankers to fulfil targets of District Credit Plan related to SGSY and other government subsidy programme and not providing adequate focus for granting regular loans to rated SHGs. These need to be addressed. However, the issue of bank linkage remains a problem across the country and the geographic and poverty context of the programme area only makes it more difficult.

Agreed action	**Responsibility**	**Agreed date**
RNGOs to jointly prepare a training module for training Local Book Writers (Lekha Pal), identify trainers in consultation with FNGOs and train at least two trainers per location and design a system of SHGs engaging Lekha Pals for book writing	PD	31 Dec 2011
FNGOs to train the Lekha Pals using the trainers trained by RNGOs and to introduce a system of SHG remunerating Lekha Pals for book writing	PD/FNGOs	31 Mar 2012
Make budgetary allocation for printing of books for maintaining books of accounts of SHGs	PD/DPM/RNGOs	31 Mar 2012
RNGOs to prepare a plan for introducing the concept of audit of SHG accounts (preferably by Chartered Accountants) and dividend distribution system to SHGs promoted by all FNGOs with required capacity building - make required financial allocation in the AWPB and complete implementation	PD/RNGO	30 Sep 2012
RNGO to prepare a best practice pictorial guide on benefits of increasing savings, new savings products, disadvantages of holding excess liquidity in the bank accounts – FNGOs to train the SHG members	PD/DPM/RNGO/ FNGO	ongoing
FNGOs to introduce the concept of auditing and distribution of dividend amongst the SHGs – allocate required funding for capacity building for this activity	PD/FNGO	30 Jun 2012
Negotiate with the vendor of Munshi software (single source procurement) for SHG MIS; start implementation of SHG account computerisation at the location level (including a pilot with hand held systems) which are then transferred to the Federations	PD/Service Provider/FNGO	31 Dec 2011
Conduct Exposure visits for the Bank Managers, DPMU staff and FNGO Link Officers (DEA had recommended visit to Bihar to study the concept of Bank Mitra) - Introduce a system of incentives to FNGOs (INR 500 per SHG) for credit linkage with banks	PD	31 Oct 2011
Request the Department of Institutional Finance to follow up with the relevant department to waive the stamp duty payable on loans taken by SHGs	PD	30 Nov 2011

Livelihoods and Micro-Enterprise Development Component

21. The implementation performance of this component is rated as Moderately Unsatisfactory (Score=3). The programme had intended to develop various livelihood activities both farm based and non-farm based. The progress of the programme prior to MTR was limited. MTR had made three major recommendations; (i) training of staff in the provisions and procedures of MGNREGA; (ii) pilot intensive land and water resource development; and (iii) promote a livelihood support network or a consortium of FNGOs and RNGOs and provide funds for three livelihood professionals dedicated to the consortium. The programme has implemented the recommendations related to MGNREGA training and piloting land and water resource development whereas the recommendation related to establishment of a network/consortium has not been implemented.

22. The programme has started taking steps during 2010-11 to implement livelihood activities. Programme has conducted workshops at the district and state level to prepare a road map for implementation of livelihood activities and also to prepare business development plans/ livelihoods micro plans. Training programmes have been conducted to train location staff and exposure visits have been organised. RNGOs and FNGOs engaged under the programme have sourced funds from even other donor agencies to implement livelihood activities targeting SHGs promoted under the programme. PRADAN has been implementing a project on enhancing agricultural productivity through SRI, farm/homestead pond construction, vermicomposting, vegetable gardening and use of

biopesticides using Sir Dorabji Tata Trust funding. SRI concept has been quite successful and Tejaswini has planned for expansion of this activity to 750 households in 2011-12. Mahila Chetna Manch has been working in the dairy sector and has plans to expand this activity by establishing chilling plants. Similarly, other FNGOs undertake activities related to goat rearing, land allocation to tribals, poultry, fishery, Lac, Horticulture etc. There is scope for expanding this activity to reach all members of the SHGs mobilised under the programme. The programme with support from FNGOs has undertaken large number of income generating activities with convergence from other government line departments. Both on-farm and off-farm activities have been promoted and the programme has been able to mobilise about INR 196 million for these activities from the government line departments.

23. Livelihood interventions can be scaled up in the event, the FNGOs and RNGOs engaged by the programme are allowed to expand their current set of livelihood improvement activities by providing programme funds. This arrangement will fall under single source procurement. The rationale for this include: (i) RNGOs and FNGO have been earlier selected based on a transparent open competitive process; (ii) the current contract of the RNGOs/FNGOs allows including additional tasks based on the emerging needs of the programme based on agreed costs; (iii) RNGOs and FNGOs have developed specific areas of expertise in different livelihood sub-sectors and hence there exists no similarity in activities for starting a competitive process afresh; and (iv) FNGOs and RNGOs have been working in specific programme areas and have gained required confidence of the community. It is necessary to seek proposals from the RNGOs and FNGOs working in the programme area to implement livelihood activities in their area of operation and covering sub-sectors in which they have gained experience. These proposals will have to be appraised and approved by a committee headed by the Principal Secretary, DWCD. The members of this committee shall include the MD of MVVN, the PD, three representatives from line departments, a representative from NABARD and an additional technical expert from the private or NGO sector nominated by MVVN. This committee will have to be assisted by a Secretariat comprising the Deputy Programme Director (DPD), the Manager-Livelihoods and a Programme Assistant. It is proposed that the upper limit of programme support for each proposal should not exceed INR 2.5 million in case of FNGOs and INR 5.0 million in case of RNGOs.

24. Some of the programme supported FNGOs do not have adequate capacity to prepare a proposal. Support will have to be provided to evaluate the on-going activities of FNGOs and prepare proposals for submission to MVVN. Each proposal will have to consider the possibility of: (i) leveraging support requested from the programme with other donor funds; (ii) repayment of funds sought from MVVN in case the same is invested in profit generating enterprise; and (iii) recycling of the funds provided to the SHG members for livelihood activities by instituting a cost recovery system for the benefit of SHG members who have not benefited. The proposed activities entail substantial additional work at the district level. The DPMUs will have to assist the FNGOs in preparation of the proposals and once the proposals are approved, implementation of the activities will have to be monitored. This will require posting of additional human resource at the district level.

Agreed action	Responsibility	Agreed date
Engage six Additional District Programme Managers with Agriculture/Animal Husbandry background	MD	31 Dec 2011
Seek proposals from the FNGOs and RNGOs to expand their on-going livelihood activities with Tejaswini SHGs (details in para 22 and 23)	PD/DPD	30 Nov 2011
Engage RNGOs to assist FNGOs in preparation of proposals	PD/DPD	30 Nov 2012
Establish a committee for appraisal and approval of the proposals, allocate INR 5.0 million under AWPB 2011-12 and release funding. Allocate balance budget requirements based on the payment release schedule for each proposal	PD/DPD	31 Jan 2012

Women Empowerment and Social Equity Component

25. The implementation performance in respect of this component is rated as Moderately Satisfactory (Score=4). This component was designed to focus on addressing the social and political barriers for effective participation of women in SHGs as well as in accessing resources and services of mainstream institutions. The programme has conducted trainings related to gender issues, violence on women, health education, Panchayati Raj and women participation in governance, gender sensitisation and social justice and equity during 2010-11. The SHGs conducted a Maha Adhiveshan (General Assembly meeting) in location to: (i) exchange their experience; (ii) realise collective strength; and (iii) visualise better future. These meeting have been highly successful.

26. Tejaswini works with women who suffer multiple disadvantages of poverty, ethnicity and gender discrimination in economically depressed regions. While SHGs do address some of the economic aspects, issues related to women's reproductive health, violence and exclusion do not receive the same level of attention. Following the MTR's recommendations to increase the number of women CMs,

Tejaswini has identified and placed a woman CM at each Location (60 women) in the last two months. The CMs are married women who can initiate discussions that SHG members are typically unwilling to express with male CMs and are expected to work closely with the ASHA, ANM and Anganwadi workers. The nature of their training has been somewhat informal, not systematic and not gender sensitive. But where CMs have started visiting SHGs, some information on immunisation, hygiene and nutrition for pregnant women has been disseminated.

27. The programme conducted a survey covering 996 women SHG members on awareness of these SHG members regarding social issues. This survey indicates that only about 3% of the SHG members were aware of social issues in 2007-2008 whereas about 58% of the women were aware of the social issues in 2010-11. The programme has introduced a "Samuh Samvad" booklet to enable the location staff to track discussions at the SHG and VLC level related to social issues. Joint action by SHG members is becoming a common tool in the programme area with women demanding prompt payment for MGNREGA, getting PDS centres to the village, organising common ghat cleaning and anti alcohol campaigns. The programme has created a gender cell at each location to resolve social issues that are beyond the capacity of SHG members. These gender cells need to be activated.

28. Functioning of VLCs will have to be strengthened with greater facilitation by CMs with recording of proceedings, as this is a good forum to discuss social issues. This effort has yielded some success in improving access to drinking water and social entitlements to women and their families. However, there is a tendency to veer towards gender-neutral/gender-blind issues like entitlements, infrastructure, malaria and away from issues of continuing exclusion of some women from SHGs, violence, drudgery or reproductive health. The CMs' training needs to include gender sensitive facilitation to address those issues that normally are too contentious in the public domain.

29. The programme has implemented several drudgery reduction activities such as well repair, water tank construction, hand pump repair, installation of pulley, etc. These interventions are mostly directed towards reducing drudgery related to fetching drinking water and are currently being done in an *ad hoc* manner. The drudgery reduction activities need to broad-based to include activities such as solar lights, solar cooker, energy efficient stoves, tree planting for fuel wood etc and must be better planned

Agreed action	Responsibility	Agreed date
Allocate budget every year for conducting Maha Adhiveshan – Invite top management officials of Banks and government officials for this meeting	PD/DPM	On-going
Allocate budget and conduct training of CMs to address issues related to gender emerging at the SHG and VLC level in a sensitive manner	PD/DPM	31 Dec 2011
Make the Woman CM employed at the location level Secretary of the Gender Cell. The Location staff should participate only when invited by the gender cell members.	DPM/FNGO	Immediate
Develop drudgery reduction plans district-wise depending on emerging needs in VLCs and broad base the drudgery reduction activities	DPM/FNGO	ongoing

Programme Implementation Performance

30. Programme management performance. The implementation performance of this component is rated as Moderately Unsatisfactory (Score=3). The programme has a three tier management structure comprising SPMU at the state level, a DPMU at each of the six programme districts and a Location Office at each block to support about 200 SHGs. In total 60 location offices have been established in 45 blocks. MVVN has directly recruited staff of SPMU and DPMU whereas FNGOs have been contracted to establish Location Offices.

31. MTR had made several recommendations to improve the programme implementation performance. It includes: (i) recruiting of a PD and a DPD-Livelihood Development; (ii) increasing salary of SPMU and DPMU staff; (iii) providing sole responsibility of recruiting location staff to FNGOs; (iv) reviewing contractual arrangements of FNGOs to increase the salary levels of location staff; and (v) provision of a motor cycle to each DPMU. These recommendations have been implemented with the exception of recruitment of PD and DPD and procurement of motorcycles. MTR had recommended recruitment of six Livelihood Coordinators under the RNGOs. It was reported that the Empowered Committee has not approved this proposal. The mission is of the view that the human resource support is required at the district level for fast tracking livelihood related activities. It will be appropriate to engage six Additional Programme Managers at the DPMU level to specifically co-ordinate livelihood activities at the district level. In addition, two more Programme Assistants are required to support the MD, PD and DPD to fast track programme implementation.

32. MVVN increased the salary of SPMU and DPMU staff and thereafter decided to initiate recruitment process for all professional positions in SPMU including that of PD and DPD, vacant positions of support staff in SPMU and vacant professional and support staff positions in DPMUs. The process of selection of candidates was completed by end June 2011. The MD of MVVN was transferred in the first week of July and the newly appointed MD was advised to review the selection process. The current MD of MVVN has opined that the Tejaswini recruitment process was fair but has not taken into account the reservation policy of GoMP. The reservation policy of the state requires selection of a specified number of SC, ST, OBC and women candidates for all categories of posts with multiple positions (DPM, ADPM, Programme Assistants, Finance Assistants and M&E Assistants). However, the reservation policy is not applicable to categories of posts with single position (PD, DPD and SPMU Managers). The MD of MVVN had detailed discussions with the Chief Secretary with regard to the impact of delay in staff recruitment on programme implementation. Avoidable human resource issues and resultant inability to utilise financial allocation are expected to further delay the programme's efforts to come out of the "problem project" classification. During the wrap up meeting, it was informed that a PD from Indian Administrative Service has been appointed and is expected to take charge with immediate effect. It was also informed that a decision has been made to issue appointment letters to all selected candidates (DPD and SPMU Managers) in respect of the posts that do not attract reservation policy.

33. The posts of DPM, ADPM, Programme Assistant, Finance Assistant and M& E Assistant have multiple positions and hence require compliance to reservation policy. It is possible to comply with the reservation policy by recruiting persons to vacant positions. This will enable the programme to retain the existing experienced staff at the district level. It is reported that MPRLP and DPIP complied with reservation policy by adjusting the backlog with new recruitments for vacant and newly approved positions. In case of DPMs, Finance Assistants and M&E Assistants, it is possible to comply with the reservation policy by retaining existing staff and recruiting persons for vacant positions (Table 2). Even in case of ADPMs and Programme Assistants it is possible to retain the existing staff and comply with the reservation policy by recruiting persons as per the reservation policy (including back log) for newly recommended positions and also vacant positions. Such an arrangement will cause minimum disturbance at the district level, making it possible for easy transition as well as adherence to the state policy on reservation. In addition, the programme has not been able to engage adequate women as professional and support staff and it is largely skewed in favour of men. This needs to be addressed by MVVN during the recruitment process.

Table 2: Reservation Policy Compliance Data Analysis

Positions	**Category**	**DPM**	**ADPM**	**M&E Assistants**	**Finance Assistants**	**Program Assistants**
No. of Approved positions		6	6	7	8	8
Additional posts recommended		0	6	0	0	2
Total no. of positions		**6**	**12**	**7**	**8**	**10**
Classification of existing contract staff excluding 2 positions (DPMs) on deputation	SC	0	0	0	0	1
	ST	0	0	0	0	0
	OBC	1	1	3	2	3
	General	2	5	1	2	3
	Total	**3**	**6**	**4**	**4**	**7**
Requirement as per reservation policy	SC	1	2	1	1	2
	ST	1	2	1	2	2
	OBC	1	2	1	1	1
	General	3	6	4	4	5
	Total	**6**	**12**	**7**	**8**	**10**
Proposed new recruitment to comply with reservation requirement	SC	1	2	1	1	1
	ST	1	2	1	2	2
	OBC	0	1	0	0	
	General	1	1	1	1	
	Total	**3**	**6**	**3**	**4**	**3**

34. MVVN has been extending the contracts of FNGOs on a monthly basis as it took time to review the TOR as recommended by MTR. FNGO performance is being reviewed and based on this review contract of FNGOs is expected to be extended up to May 2012. The salary levels of FNGO staff have been revised with a consolidated salary of INR 13,500 per month jointly for Location Coordinator and Community Accountant and INR 4,500 per month for each CM. Resources for a part-time link officer have also been allocated. This revision in the salary has led to CMs receiving higher or same salary compared to Community Accountants in some cases. This anomaly will have to be addressed.

35. MVVN has posted the staff on deputation from other government departments as District Finance Officers. These officers are from the Subordinate Accounts Services of GoMP. These officers are used to single entry accounting system and have limited knowledge of double entry and computerised accounting. It is therefore necessary to build the capacity of District Finance Officers. In

addition, the capacity at the SPMU for financial management is also inadequate. The Finance Officer of SPMU is also on deputation from the government and do not have the required skills for managing corporate accounting needs of MVVN. This needs to be strengthened by providing additional staff from the open market with required corporate accounting skills.

Agreed action	Responsibility	Agreed date
Officially communicate to IFAD the decisions taken on the staff recruitment process	MD	31 Oct 2011
Recruit an Assistant Finance Manager with corporate accounting experience to strengthen SPMU	MD	30 Nov 2011
Complete the process of appointing a Project Director from Central/State services – Provide a CV of the PD appointed by GoMP to IFAD	MD	31 Oct 2011
Approve six ADPM positions and two Programme Assistant positions	MD	31 Oct 2011
Initiate the recruitment process for only those positions that attract reservation policy. Consider the possibility of retaining existing district staff and support staff and comply with reservation policy using vacant and newly approved positions. Emphasis should be given to recruit women candidates.	MD	30 Nov 2011
Complete the recruitment process and place the staff	MD/PD	31 Jan 2011
Review the salary of Community Accountants that are currently receiving higher or same amount of salary compared to CMs and extend the contract of FNGOs valid until March 2012 with revised TOR after review	PD	30 Nov 2011
Include training of State Finance Manager, District Finance Officers and Finance Assistants in financial management and also computerised accounting (Tally) using the Chartered Accountant engaged for auditing MVVN	PD/Manager-Finance	31 Jan 2012
Unit costs provided in the cost tables to be considered as indicative.	PD/DPM	ongoing

36. **Monitoring and evaluation.** The implementation performance of this activity is rated as Moderately Unsatisfactory (Score=3). Monitoring and Evaluation was envisaged as a tool to manage the programme to feed information requirements of MVVN management, IFAD and other stakeholders. This activity remains the weakest link of this programme. The programme has designed output reporting formats through a consultative process. Primary data for output monitoring is collected by the CMs. This data is consolidated at the Location level and thereafter sent to the respective DPMU. The data provided by the Locations is verified on a sample basis and thereafter consolidated and sent to SPMU. Programme level consolidation of data remains the responsibility of the SPMU. The output monitoring reports continue to be totals of district level data with limited analysis to facilitate its use as a management tool.

37. There is a lot of data that is coming from the field which reduces the efficiency of the M&E system of the programme. It is necessary that MVVN streamline data collection requirements with simple standard formats to enable the grassroots workers to fill up the data. Data reporting formats will have to be dependent on the analysis that is required at the management level. The authenticity of the data supplied depends on the data availability at the SHG and location level. This requires computerising and auditing of SHG accounts and a separate recommendation for this purpose has been made.

38. Data related to SHG inter-loaning has been classified into 8 broad purposes of which the category "others" comprise about 50% of the total loan portfolio in the Northern districts. This system of classification needs to be simplified and streamlined. The system of loan purpose classification was reviewed during the mission and it is suggested that the loan purposes be classified into nine categories: (i) Agriculture; (ii) Livestock; (iii) business and off-farm investments; (iv) Household investments (including house repair and construction); (v) Health expenses; (vi) Education expenses; (vii) Social Expenses; (viii) Consumption; and (ix) others. This system is expected to reduce the current issues related to lumping large proportion of loans into the category "Others".

39. The programme has conducted a base-line survey and a draft report has been submitted by the Agriculture Finance Corporation which undertook the survey. This report is yet to be finalized. The programme has conducted an outcome monitoring survey based on the standard questionnaire provided by IFAD. A report on this survey has been prepared and provided to the mission. The questionnaire for outcome monitoring will have to be contextualised for the programme outcomes and an outcome survey will have to be conducted in 2012 to assess the achievement of the project.

40. The programme is yet to conduct a RIMS survey and impact assessment studies to document impacts of the programme, such as convergence with MNREGA, partnership with Systems of Rice Intensification activities of PRADAN and dairy development efforts with Mahila Chetna Manch. This documentation will enable the programme to show case its efforts in leveraging both technical and financial support to the Tejaswini promoted SHG members.

Agreed action	Responsibility	Agreed date
Finalise Baseline Survey Report and submit a copy to IFAD	PD/MIS Manager	30 Sep 2011
Complete tasks related to (i) preparing analytical tables and corresponding output monitoring formats; (ii) designing outcome monitoring survey questionnaire; (iii) field-testing output monitoring questionnaires; and (iv) analysing data and final report writing by engaging a national consultant – Data collection by the district and location staff	PD/MIS Manager	30 Apr 2012
Revise the reporting formats related to purpose of loans taking into account the above suggested loan purpose categories.	PD/MIS Manager	31 Dec 2011
Obtain standard RIMS survey questionnaire from IFAD ICO , conduct survey, obtain data analysis software from IFAD, analyse data and finalise a report – If necessary engage a consultant for data analysis and report writing	PD/MIS Manager - IFAD	30 Apr 2012
Undertake Impact Assessment survey in respect of three themes suggested in para 39 by engaging national consultants	PD/MIS Manager	30 Apr 2012

41. **Gender focus.** The programme's performance with regard to gender focus is rated Satisfactory (Score=5). Tejaswini is a programme that intends to create an enabling environment for women to move ahead in both social development and economic development growth trajectories. All members of SHGs promoted by the programme are women. Historically the status of women in the northern districts (Panna, Tikamgarh and Chhatarpur) is comparatively lower due to its feudal societal structure compared to the women in the tribal belt comprising southern districts of Mandla, Balaghat and Dindori wherein the position of women is comparatively better. Inbuilt gender focus of the programme has facilitated the women to: (i) come together breaking caste and class considerations; (ii) discuss issues of common interest; (iii) take control of financial resources at the household level in a small way; (iv) meet and discuss with outsiders; (v) build cohesive groups that support each other in times of crisis; (vi) demand their entitlements from both government and Panchayat Raj Institutions; and (vii) participate in the local governance structures. The most recent outcome survey conducted by the programme indicates the level of satisfaction with empowerment related activities – details in Table 3 below.

Table 3: Satisfaction levels on empowerment related activities

Level of Satisfaction	Percentage of Households
Very satisfied	76
Moderately Satisfied	24
Unsatisfied	0

42. **Poverty focus:** The programme's performance with regard to poverty focus is rated Satisfactory (Score=5). The programme design had adopted a two stage poverty targeting process to ensure sharp poverty focus. The programme selected three districts on the south and three districts in the north of the state that are poorest based on an analysis of poverty indicators. During implementation the programme supported FNGOs identified poorest households based on localised PRA exercise. MVVN's implementation methodology categorised the community into 3 types – Category A are those who are Above the Poverty Line with adequate assets, Category B are those that have the government BPL card and are poor, Category C are those who don't have the government card but are poor by definition of poor assets, wage labour dependent etc. SHG mobilisation targeted Category B and C households. Mission field visits indicate that the SHGs comprise of women who are poor, many dependent on wage labour with a few female headed households.

MVVN has mobilised 12,290 SHGs with 165,456 members of which 53% have BPL card and 47% have been classified as poor households without BPL cards (Table 4). The programme has taken steps to identify the poorest geographical areas and also targeted poorest households in these geographies to ensure that programme activities are directed to these households. As a result, the programme has considerable poverty focus. However, the reporting system of MVVN indicates the SHG members without BPL card as non-BPL members which does not indicate the correct picture and can be interpreted as above poverty line households. The number of households being reported under non-BPL category need to be classified as; (i) BPL based on PRA and without BPL cards; and (ii) Above poverty line households. This reclassification is essential for convergence with NRLM which stipulates that at least 70% of the members should be BPL (both card holders and those without BPL cards but identified as BPL through PRA and ratified by the Gram Sabha).

Table 4: Outreach by Target Group Category

Outreach	Supported by Tejaswini		
	As at end 2009-10	As at end 2010-11	Percentage
BPL members- with BPL cards	79,720	86,940	52.5%
Others: BPL members - selected based on PRA and those who are APL	70,011	78,516	47.5%
Total members	149,757	165,456	100.0%
Composition			
Scheduled Caste members	27,436	27,527	16.6%
Scheduled Tribe Members	47,753	53,170	32.0%
OBC members	67,565	77,950	47.0%
Other members	7,003	7,236	4.4%
Total	**149,757**	**165,456**	**100%**

Agreed action	Responsibility	Agreed date
Conduct a reclassification exercise to categorise the SHG members into three categories: (i) BPL Card holders; (ii) PRA BPL –Non cardholders; (iii) Above Poverty line	DPM/FNGO	31 Mar 2011

43. **Effectiveness of targeting approach:** The implementation performance of this activity is rated as Moderately Satisfactory (Score=4). Targeting has been considerably sharp due to the geographic targeting as well as household level targeting. This is evident from the composition of groups which consist of 16.6% SC, 32% of ST and 47%% of OBC who are generally considered poorest. Only 4.4% of higher caste members who are generally considered better off have been included in the SHGs. However, some of the poorest households have been left out during the process of SHG mobilisation. SHG mobilisation programmes across the country have found it difficult to integrate left out poorest households. The impediments that normally impact such an integration process include: (i) inability to mobilise new groups comprising all left out households due to geographically scattered existence of the left out members; and (ii) non-acceptance of existing SHG members to include new members into their SHG fearing the need to share the risk of providing loans to these households without adequate backing of savings by these members. This requires a strategy of mobilising new SHGs wherever possible and also a system to provide incentives to SHGs to include the left out households. The Programme has taken steps to identify left out households to include them in the SHGs. Slow progress in credit related activities has made it easier for the programme to include new members.

44. **Knowledge management (KM).** The implementation performance of this sub-component is rated as Moderately Satisfactory (Score=4). MTR had recommended inclusion of a KM sub-component, developing a KM strategy, capacity building of SPMU, DPMU and RNGOs on KM and communication and capacity building of DPMU, FNGO and Location Coordinators on KM and M&E Linkage. The programme conducted a KM training for DMPU staff and Location Coordinators covering report writing, group discussions, peer review, focus group discussion and communication methods. In addition, a training programme on KM was conducted targeting the CMs covering effective communication methods for dealing with the community. In total 244 persons were covered under these training programmes during 2010-11.

45. The programme has published several communication materials for the benefit of the community. The programme has designed a pictorial self monitoring tool for antenatal care and postnatal care. This tool is expected to help the illiterate woman to actively monitor her status during pregnancy and child's immunisation status. The programme in the process of consultation with the Districts Collectors and health staff to implement this tool. Programme has undertake several activities related to KM which includes publication of brochures to disseminate knowledge on : (i) Nutritious diet for mothers using local materials; (ii) various government schemes; and (iii) training and mobilisation of SHGs.

46. The programme supported FNGOs and RNGOs have tested and tried a few of the agriculture and livestock technologies such as Systems of Rice Intensification, Farm Pond/Homestead pond for water harvesting; (iii) backyard poultry; and (iv) dairy promotion. These technologies can be disseminated to other areas by preparing simple documentation on implementation modalities with benefits.

Agreed action	Responsibility	Agreed date
Prepare and publish documentation related to technologies tested under the project listed above using RNGOs	PD/RNGO	Ongoing
Continue collaboration with KM Focal Point at IFAD ICO	PD/KM Manager	Ongoing

47. **Partnerships** The programme's efforts to build partnerships is rated as Moderately Satisfactory (Score=4). The programme has been able to develop partnership at three levels. First, the DPMUs have been able to build excellent rapport with the district administration including the Panchayat Raj Institutions in order to enable convergence with various government departments. Second, the programme engaged RNGOs and FNGOs for field level implementation. This partnership has enabled the programme to build on the strengths of these organisations and also facilitate cross learning amongst the partners. Expansion of Systems of Rice Intensification promoted by PRADAN amongst other FNGOs is a case in point. Third level of partnership is most interesting from the perspective of exit strategy. The FNGOs (PRADAN, Mahila Chetna Manch, Development Alternatives, DARSHANA, VIKALP, SRIJAN, Baihar Nari Utthan Samiti) have been mobilising funding from other donors to support the SHGs promoted under the Tejaswini and have partnered with other FNGOs as well. The weakest link is the partnership with banks. However, the ground realities related to level of maturity of SHGs, risk aversion to take loans and taken up livelihood activities, and bad experience of bankers in recovery of loans granted under government schemes have contributed to this weak partnership.

Fiduciary Aspects

48. **Financial management.** The implementation performance of this activity is rated as Moderately Unsatisfactory (Score=3). Financial management system related to release of advance and settlement of advance has not been functioning smoothly. This issue was raised during the Stakeholders' Consultation held during the mission. MVVN releases advance for the first quarter and thereafter releases the next advance subject to settlement of the first. Provision of advance to FNGOs and their subsequent settlement delays the entire process submission of withdrawal application to IFAD. Currently about INR 15 million is outstanding as advance at various levels. It was also reported that the DPMU requires copies of the bills for even small expenditure and the DPMU Accountants keep raising queries on small items of expenditure delaying settlement of advance and release of new advance. In addition there are also instances of staff advances that have not been settled. These issues need to be streamlined. During the current year the accounts are being maintained manually by a daily wage worker and the same is being fed into 'Tally' software by the District Finance Assistant. The Mission noted that books of accounts were not updated and entries were pending since July 2011.

49. In one of the Districts visited by the Mission, the accounts were maintained both manually as well as in Tally. The Districts prepare monthly statements in prescribed formats and send it to the SPMU by the 10th of the succeeding month. The data received from the Districts is then compiled in an excel sheet and clubbed with the expenses of the SPMU to arrive at the total quarterly expenditure by components and categories. The data so compiled is used for preparation of the Withdrawal Application.

50. The earlier Mission had recommended the use of software for accounting including use of standardised component, sub component and category codes. This has so far not been implemented. The accounting staff need training in the optimum use of the software. This will facilitate the compilation of data at the SPMU and also preparation of reports. The budgets could also be fed into the software to enable comparison of actual with the budgeted figures.

51. The Mission noted the delays in settlement of advances. The total advances to NGOs outstanding as on 31.3.2011 were INR 15.57 million. Of these, INR 12.41 million were outstanding for a period exceeding 3 months. The advances to staff and DPMUs were INR 7.41 million as on 31.3.2011. The SPMU as well as the DPMUs do not follow any policy on settlement of advances. Further advances are given without settling the earlier one. Some advances are settled even after a year of disbursement. The Mission noted a travel expense claim of INR 64,125/- for the period January to October, 2010 which was settled in December 2010. Such a system is highly irregular and should be discontinued with immediate effect. The Programme should have a policy of settlement of all claims for expenses within a fixed period (about 90 days) beyond which claims should not be entertained.

52. The statutory legal compliance is another area of concern for the Mission. The auditors have indicated that tax deduction at source (TDS) provisions have not been complied with. The Mission also noticed a case of TDS not being deducted in respect of the professional fees paid for conducting of a training programme. The SPMU/ DPMUs should check all payments for applicability of TDS provisions and comply with it. The auditors have indicated that TDS should be deducted u/s. 194J of the Income Tax Act, 1961, in respect of payments made to the SPMU and DPMU staff for their services, which is currently 10% of the amount paid. The Mission is of the view that since the staff are contractual

employees TDS should be deducted u/s. 192 of the IT Act. The Programme may get the implications examined and act accordingly.

53. **Disbursement.** The implementation performance of this activity is rated as Moderately Unsatisfactory (Score =3). IFAD has disbursed a sum of USD 4.71 million (including the initial deposit of USD 1.00 million) which is about 36% of the total loan allocation of USD 13 million. All Withdrawal Applications up to March 2011 have been cleared by IFAD. The Withdrawal Application for the period from April to June 2011 for about USD 174,424 has been recently submitted by the Programme to IFAD and the approval for the same has not yet been received.

54. **Counterpart funds.** The implementation performance of this activity is rated as Satisfactory (Score =5). The GoMP is reported to have released a sum of INR 290.21 million to the Programme from out of funds released by IFAD. Out of this, a sum of INR 176.97 million has been spent towards programme expenditure till 31.3.2011 of which INR 175.32 million has been claimed from IFAD as its share. Thus, the Govt contribution to the Programme is to the extent of INR 1.64 million. MVVN will have to request Department of Institutional Finance to adjust INR 1.64 million towards GoMP counterpart funding. Further all taxes are to be borne by the Govt. The Mission noted that the same is not being complied with and even taxes levied on goods procured and services utilised by the Programme are being included in the Withdrawal Applications and claimed from IFAD. The Mission recommends immediate rectification of the same by compilation of taxes claimed so far from IFAD. This needs to be reviewed by IFAD-ICO to ascertain whether the same has been reimbursed. The entire amount of taxes may be claimed by the Programme from the Govt. The Programme should also claim from the Govt its share of funding as stipulated in the Loan Agreement under each AWPB.

55. **Compliance with loan covenants.** The implementation performance of this activity is rated as Satisfactory (Score=5). The Programme has generally complied with all the Loan Covenants. The Programme has not complied with Section 5.01 which requires it to submit the unaudited Financial Statements within 3 months of the end of the fiscal year.

56. **Procurement.** The implementation performance of this activity is rated as Satisfactory (Score=5). The Programme has not undertaken any major procurement during the year under review. The Mission test checked the procurements done and noted that purchase of equipment such as EPABX system, photocopying machine and computers were made through direct contracting either from Govt agencies or DGS&D rate contract. The amounts involved for each such contracts were within the limit of USD 10,000 prescribed for Direct Contracting. The contract for vehicle hire at the SPMU was also done through Direct Contracting method at the rates indicated by the Government.

57. **Audit.** The implementation performance of this activity is rated as Satisfactory (Score=5). The audit for the year 2009-10 was submitted to IFAD on 12-09-2010 (within the stipulated time of six months from the end of the fiscal year. The audit report generally complied with the IFAD Guidelines on Project Audit. The audit for the year 2010-11 has been completed in respect of the SPMU and the districts and the report is expected to be received by the Programme shortly. The Programme however does not maintain an audit log. The Mission recommends maintenance of the same. Compliance to some of the audit observations in respect of 2009-2010 audit is yet to be effected. This needs to be reviewed to ensure early compliance.

58. In accordance with Clause 10 of the agreement between the Programme and the NGOs, the NGOs are required to submit audited statement of accounts and utilisation certificate to MVVN within 3 months from the end of the financial year. The Programme has so far received audit reports of only 3 NGOs. The Programme should obtain audit reports and utilisation certificates from the remaining NGOs by the end of this month.

Agreed action	Responsibility	Agreed date
MVVN to provide advance to FNGOs/RNGOs subject to the following conditions: Payment of full advance for a quarter. On submission of utilization certificate for at least 60% of the advance at the end of the quarter, release of advance for the second quarter. The utilization certificate of the balance 40% of the first quarter to be settled within one month of drawing the advance for the second quarter failing which advance for third quarter not to be released.	PD/Finance Manager	31 Dec 2011
MVVN to accept Utilisation certificate (SOE) issued by the FNGO/RNGOs on a quarterly basis as proof of payment for settlement of advance for operational costs – No bills and vouchers required for management fee. In respect of programme costs, all bills and vouchers to be produced by the FNGOs/RNGOs except for all individual expenditure below INR 200 subject to a maximum ceiling of 5% of the total programme costs. In respect of this expenditure, FNGOs/RNGOS to provide Utilization Certificate. FNGOs to submit a utilization certificate certified by their Chartered Accountant and an audited statement of account covering funds provided by MVVN every year. SPMU to strengthen the existing system of audit of FNGO/RNGO accounts related to Tejaswini by its auditor – Identified misutilisation/misapplication needs to be reviewed by the programme jointly with	PD/Finance Manager	31 Dec 2011 and ongoing

FNGO/RNGO and the Auditors and corrective steps to be taken		
Ensure that the advance does not remain unsettled for more than 90 days- No new advance to be given if an advance is lying unsettled for more than 90 days	PD/Finance Manager	31 Dec 2011
Obtain an expert opinion on TDS deduction in respect of staff salaries and NGO payment and decide on an appropriate quantum of TDS deduction	MD	31 Dec 2011
Compile a list indicating the amount claimed from IFAD towards taxes and duties and send the same to IFAD-ICO for verification as to whether the same has been reimbursed or not. If reimbursed the same to be adjusted in the next withdrawal application.	PD/Finance Manager	31 Dec 2011
Ensure separation of taxes and duties and ensure not claiming the same under future withdrawal applications	PD/Finance Manager	Immediate
Call for and receive utilization certificates and audited accounts from NGOs in respect of FY 2010-11 – review the report and initiate appropriate steps	PD/Finance Manager	30 Sep 2011
Instruct the Finance Department to prepare audit log comprising audit observations of 2009-10 and 2010-11 with answers to the audit observations – Review compliance to audit observations	MD	31 Dec 2011

Sustainability

59. **Institutional sustainability:** The programme's efforts to build institutional sustainability is rated as Moderately Unsatisfactory (Score=3). SHGs are the primary institutional structures built by the programme at the village level. The institutional sustainability of SHGs depends mostly on three basic factors. They are: (i) institution of transparent mechanism of savings and credit operation within the groups with adequate governance, book keeping and auditing standards; (ii) development of unity amongst members and leadership to facilitate the group members to take up social development activities and demand their entitlements; and (iii) improving access of SHGs to credit from banks and livelihood improvement interventions. The programme supported SHGs have made considerable progress in respect of their social and political development growth trajectories.

60. VLCs and SHG Federations have been envisaged as the second and third tier structures to support SHGs. The FNGOs have already seeded the concept of VLC and 78% of the locations VLCs have been established. However, the concept of SHG Federation is yet to be seeded with the exception of PRADAN promoted Locations. It is necessary to further strengthen VLC and to seed the concept of Federations to achieve institutional sustainability. However, the SHGs with support from VLCs will be able to achieve institutional sustainability given the emphasis on social development growth trajectory and also the on convergence even if Federations do not become sustainable during the programme life.

61. **Economic and financial sustainability:** The programme's efforts to build economic and financial sustainability is rated as Moderately Unsatisfactory (Score=3). SHGs are involved in the delivery of savings and credit to the members. The financial sustainability of SHGs depends on the spread between cost of funds and rate of interest on internal lending. The SHGs do not give interest on savings mobilised from members and the cost of funds obtained as credit banks and MFI vary from 12-26% per annum. SHGs charge an interest rate of 24-48% per annum. The SHGs have adequate spread to cover costs and hence financial sustainability of SHGs savings and credit activity is ensured.

62. The programme is yet to start contributing towards VLC and Federation activities. At the VLC level, the members have the capacity to mobilise required resources for offsetting VLC expenditure. Financial sustainability of federations during the project life remains a risk. There exist two options for these federations for achieving financial sustainability. First, the Federations depending upon their level of maturity may take up activities that are within the realm of their management and financial capacity with a skeletal and honorary management structure. Second, the Federation may grow into an institution that provides full service to the members. This is unlikely to happen with full cost coverage through community contribution. There is likelihood that most of these federations will able to source financial resources from NRLM or from other donors.

63. **Social sustainability (Empowerment):** The programme's efforts to build social sustainability is rated as Moderately Satisfactory (Score=4). The programme has undertaken substantial capacity building efforts to enable the SHG members to address social issues at the village level. The SHG members have taken up issues related to sanitation, women rights, entitlements, education of girl child, alcoholism and other related issues. Participation of women in the meetings of the Gram Sabhas has increased. SHG members have started articulating the needs of the community in general and

women in particular for incorporating them into the plans of PRIs. Another related development is the increasing participation of SHG members in the elections to local bodies.

64. **Environmental sustainability:** The programme's efforts to build environmental sustainability is rated as Moderately Satisfactory (Score=4). The programme supports SHG mobilisation, capacity building, savings and credit and livelihood upscaling. The SHG mobilisation and capacity building are expected to lead to activities related to sanitation, education and water harvesting that are likely to have beneficial impact of the environment. Other livelihood related activities are relatively small and low input oriented efforts. These will not have any considerable impact on environment sustainability. Some of the livelihood activities such as SRI promote use of low levels of organic fertiliser and pesticides with emphasis on vermicomposting and biopesticides. However, the Programme needs to review the choice of livelihoods that will emerge to ensure environmental sustainability.

65. **Exit strategy:** The programme's efforts to develop and implement an exit strategy is rated as Moderately Unsatisfactory (Score=3). The Programme exit strategy depends on the ability of institutions promoted to move ahead on the social and economic growth trajectory on a sustainable basis. MVVN supported federation may not emerge as a full service federations with full contribution through member contribution. The exit strategy shall comprise the following five main activities that need to be implemented during the programme life. They are: (i) Strengthening capacity of the book-writers and computerisation of the SHG books of accounts in order to reduce dependence on CMs; (ii) Intensify efforts to build secondary level institutions (VLCs) to take up the social development related activities; (iii) Seed the federation concept including role and activities of federation, costs to undertake defined role and activities and resource mobilisation to cover costs and develop appropriate institutional and management structures; (iv) Build capacity of FNGOs to mobilise resources from other donors so that these FNGOs will able to continue interventions with the SHGs promoted under the programme; and (v) NRLM provides an opportunity to MVVN to link the SHGs and their federations to access revolving fund and capital subsidy fund. NRLM is expected to enhance the ability of SHG members to take up livelihood activities. With expected roll out of NRLM during the next financial year, MVVN will have to liaise with the Rural Development Department to ensure inclusion of SHGs, VLCs and federations promoted under the programme into NRLM.

Agreed action	Responsibility	Agreed date
Engage RNGO to: (i) identify donors to expand the activities of FNGOs in the programme area; (ii) assist in the preparation of proposals for submission to the donors; and (iii) use the FNGOs as associates to implement large projects for which RNGOs can access funds from donors	PD	31 Dec 2011

Impact

66. **Physical and financial assets:** Impact of the programme on physical and financial assets is rated as Moderately Unsatisfactory (Score=3). The SHGs mobilised and supported by MVVN have mobilised INR 93.4 million as cumulative savings up to March 2011. The SHGs were able to leverage INR 41.1 million as credit from banks and MFIs. The average savings works out INR 563 per member and also an average credit uptake of INR 248 per member. Both savings and credit uptake remains miniscule. Given the selection of poorest geographies and poorest households with food insecurity and no habit of saving in the form of financial assets, inculcating habit of saving in financial asset and interloaning using savings has been a major effort.

67. The Mission interviewed members of 70 SHGs in the districts of Chhatarpur, Panna, Tikamgarh, Mandla and Balaghat. This interview indicates that almost 100% of the members were earlier dependent on money lenders for consumption smoothening including unforeseen family expenditure at interest rates as high as 100% per annum. However, with the implementation of the programme almost 80% of the members do not go to money lenders. Instead they access loans from SHGs and as a result save substantial amount of money in the form of interest payment. In addition, it is reported that about 10% of these households have invested in home improvement and this percentage higher in case of SHGs linked with livelihood activities.

68. **Food security:** Impact of the programme on food security is rated as Moderately Unsatisfactory (Score=3). The food security situation of the SHGs has improved considerably in areas where convergence with MGNREGA and other livelihood activities have been taken up. SRI and kitchen garden interventions implemented by the Programme have been able to make the participating households food self sufficient for about 6-8 months compared to 3-4 months prior to implementation of this intervention. Outreach of these interventions need to be scaled up to reach large number of programme beneficiary households.

69. **Increase in incomes:** Impact of the programme on income is rated as Moderately Unsatisfactory (Score=3). The Annual Outcome Survey indicates that about 57% of the programme

beneficiaries have cash income compared to 34% of households from the control groups that have not received programme benefits. This indicates that about 96%, 50%, 36% and 15% have one, two, three and four source of income respectively. This apart, 55% have reported increased income from sale of agricultural products and about 15% reported decrease in income from sale of agricultural products.

70. **Policy Impact:** Impact of the programme on policy is rated as Moderately Unsatisfactory (Score=3). The activities of the programme and the quality of SHG promoted under the programme are very well appreciated at the district level and a result there is increasing awareness and interest at the level of policy makers to the quality of SHGs for the success of any convergence activity. The GoMP is also thinking of expanding the SHG programme ('Shakti') on Tejaswini lines to cover all districts. Tejaswini groups are likely to become the focal point for NRLM activities.

Conclusion

71. Tejaswini is classified as a problem project by IFAD due to low disbursement of the IFAD loan, and also due to serious project management issues. With respect to disbursement, at the half way point, the programme has utilized only USD 4.71 million as against USD 13.00 million approved by IFAD; 36% of the total allocation including initial deposit of USD 1.00 million to the Special Account. With respect to human resource and management issues, the Programme remains without a Programme Director. The recruitment process to provide full complement of staff for both state and district level offices will have to be completed with minimum staff changes at the district level with a view to minimise disruption to field level activities. The current mission was informed of the decision of GoMP to post a Central/State Services officer as Programme Director and to proceed with issuance of appointment letters for positions that do not fall within the purview of the reservation policy. This decision needs to be implemented speedily. Without a major improvement in programme management and financial performance, it is considered unlikely that the project will meet its development objectives in the time remaining.

72. It has been jointly agreed during the review to establish two goal posts for achievement in order to consider review of project rating from the current "problem project" status. This review can take place either after 31.12.2011 or 31.3.2012 subject to achievement of the goal posts set out below. They are:

(a) Staff Recruitment: (i) appointment of a Programme Director from Central/State Services; (ii) issuance of appointment orders in respect of State Programme Management Unit professional staff positions by December 2011; (ii) recruitment for vacant district professional staff and support staff positions by January 2012; and (iii) continuation of existing district professional staff and support staff and to comply with reservation policy with vacant and additional posts.

(b) Utilisation of financial resources: GoMP has approved a budget of INR 140 million for 2011-12. It is necessary that the programme at least spend 90 million against this budget by 31.12.2011 or INR 120 million by 31.3.2012.

73. Convergence with NRLM is of strategic importance to Tejaswini as three out of six Tejaswini districts will be part of the first phase of NRLM which is expected to be rolled out during 2012-13. It is necessary to ensure that the SHGs and their secondary (VLCs) and tertiary (federations) institutions are mainstreamed into NRLM. In the event a careful implementation modality is not worked out, risk of NRLM disbanding existing SHGs/VLCs/ Federations to form new SHGs/VLCs/Federations will remain. In addition, Tejaswini has funding available for next three years and it is necessary to find out possibilities of dovetailing IFAD resources for these three districts with that of NRLM.

74. With regard to field level activities, MVVN will have to: (i) further strengthen SHGs by reducing support from CMs; introducing local book writers with costs paid by the SHGs, auditing of SHGs, computerising SHGs and by enhancing SHG-bank linkage; (ii) strengthen VLCs to participate in the social development trajectory of SHGs and peer monitoring of performance; (iii) seed the concept of federations and examine the interest level and readiness to form federation; and (iv) support FNGOs with experience in implementing livelihood promotion activities to prepare proposals for funding under the programme. On the financial management front, the capacity of the accounting staff will have to be upgraded and the system of provision of advance need to streamlined along with improving the consultative process for AWPB preparation.